



Snake River Alliance

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UTILITIES COMMISSION

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To: Idaho Public Utilities Commission

From: Ken Miller, Clean Energy Program Director, Snake River Alliance

Re: Snake River Alliance Comments on Motion to Dismiss Application of Idaho Power Company to Update Its Wind Integration Rates and Charges, Case No. IPC-E-13-22.

The Snake River Alliance provides these comments on the Motion to Dismiss the above-referenced case and filed by Cold Springs Windfarm LLC; Desert Meadow Windfarm LLC, Hammett Hill Windfarm LLC, Mainline Windfarm LLC; Ryegrass Windfarm LLC; Two Ponds Windfarm LLC; Cassia wind Farm LLC; Hot Springs Windfarm LLC; Bennett Creek Windfarm LLC; Cassia Gulch Wind Park LLC; Tuana Springs Energy LLC; and High Mesa Energy LLC ("Movants").

Introduction and Procedure

The Snake River Alliance ("Alliance") appreciates the efforts that the Commission and all parties in this case have devoted to try to resolve some of the many issues raised in this docket and those that preceded it. Few issues that have come before this Commission have proven as difficult to resolve as those surrounding wind integration and related cost issues.

Despite the long-running disputes over wind-related regulatory and financing matters, Idaho Power has nonetheless succeeded in adding significant amounts of wind generation over the past three to five years. That progress notwithstanding, it is clear once again that we are at an impasse over central issues between wind developers and electric utilities.

It is because of the history of this issue, the complexities presented in IPC-E-13-22, and the sheer number of interested parties that the Alliance questions whether this case can be resolved with some degree of satisfaction among the parties through a Modified Procedure. If this case is to move forward – and we question whether it should in its present form – we believe a technical hearing will be required so that the many issues in dispute can be more fully addressed.

Issues Specific to the Motion to Dismiss

The Alliance concurs with Movants that this case may not be ripe for processing in its current form. We believe some fundamental predicate issues should be addressed before taking up the issue of integration rate allocations, including but not limited to the question of unilateral amendments to Firm Energy Sales Agreements (FESAs); concerns that have been raised about Idaho Power's most recent wind integration study, including current balancing reserves requirements; and whether integration costs are being under-collected and if so by how much. Attempting to address those issues while at the same time trying to sort through the various potential integration cost determination options placed on the table by Idaho Power would seem to be problematic.

The Alliance does not question that the current wind integration rates and charges need to be re-examined in light of, among other things, the increased volume of wind on Idaho Power's system. However, we support the Movant's proposed dismissal of the immediate case to allow parties to explore other options toward resolution – or at least to determine whether the number of disputed issues can be reduced. That might include a series of workshops among the parties to better parse the issues in agreement or in dispute and to see whether some of the issues in this case might be resolved without having to litigate them. In the meantime, there are contentious issues of such magnitude that processing the case as presented to the Commission would be an enormous task.

Among the fundamental issues in dispute is Idaho Power's proposal to modify existing "legally enforceable obligations" (LEOs) between Idaho Power and the respective qualifying facilities (QFs) under the Public Utility Regulatory Policies Act of 1978 (PURPA). Movants argue, correctly, in our view, that existing contracts cannot be revised without the consent of both parties. In their motion to dismiss, Movants say they have yet to grant that consent, and there is no evidence that Idaho Power attempted to communicate with existing QFs to explore the facts in this case prior to the filing of the case. Our view is that LEOs are just that: legally enforceable obligations.

As an example, Article XXIII of the FESA between Idaho Power and Cold Springs Windfarm, a movant in this case, states specifically that "No modification to this agreement shall be valid unless it is in writing and signed by both Parties and subsequently approved by the Commission." Similar if not precisely the same language is included in the remaining FESAs at issue in this docket.

Determining how to apportion integration costs to projects other than the incumbent projects in this case will be a challenge, but not an insoluble one if approached outside of the charged atmosphere of a litigated case such as this without first attempting to determine where any common ground exists. Having said that, and not disputing the concept of integration costs that escalate with levels of wind penetration, it is important that equity issues be considered when establishing rates. Today's maximum rate discount of \$6.50 per megawatt hour may well be understating the true costs and as a result warrants review. But an option that leaves existing contracts intact while charging new projects discount rates of as much as \$34.70 at a 1,200MW penetration level would clearly make such projects uneconomic. The alternative to such costs is to apportion the costs over all contracts, new and existing, but as mentioned above we believe the idea of unilaterally opening existing FESAs cannot be considered by the parties or by the Commission.

Conclusion

The Alliance once again appreciates the opportunity to provide these comments to the Commission relative to the Motion to Dismiss pending before the Commission in Case No. IPC-E-13-22. For reasons outlined above, and given the number of interests in this case, the breadth of the issues, and their controversial nature, the Alliance suggests that the Commission grant Movants motion to dismiss this case, or in the alternative process the case with stipulations that protect existing QF contracts from unilateral amendments. In addition, the Alliance recommends that the Commission consider the potential benefits of a series of workshops to enable parties in this case to gain a better understanding of their respective positions with the possibility of reaching agreement on certain issues and narrowing the focus of this case.

Respectfully submitted,



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